

Central Falls Detention Facility Corporation Meeting Minutes
Tuesday, October 15, 2013
Wyatt Detention Facility Training Building
935 High Street
Central Falls, RI 02863
12:00 P.M.
TDD/TTY 401-727-7450

A meeting of the Central Falls Detention Facility Corporation was held on the above date in the Training Building at 12:00p.m.

1) Call to order / Roll Call – 12:07 p.m.

Members present: Chairman Doherty, Director Tillinghast, and Director Rios

Absent: Director Figueroa and Director Cabral

2) Pledge of Allegiance

3) Public Comment

No public comment

4) Approval of Minutes 9/18/13 & 10/2/13

Motion to approve the minutes of the 9/18/2013 meeting made by Director Tillinghast; seconded by Director Rios. All were in favor. Motion carried.

Motion to approve the minutes of the 10/2/2013 meeting made by Director Tillinghast; seconded by Director Rios. All were in favor. Motion carried.

5) New Business

A. 2014 Budget Draft

Warden Murphy said that he, along with Director Tillinghast and Mike Geezil, had started discussions on the budget terms, but he was unable to provide any specifics at this time. Due to the sensitive nature of some of the items to be discussed, the item will need to be tabled until the next meeting when it can be posted properly in the Executive Session. He said that he would be prepared to propose a budget in Open Session after Executive Session discussions for the Board's approval.

Chairman Doherty reiterated, for clarity and in the interest of being transparent, that because there were security issues and personnel issues related to the budget that would need to be covered in Executive Session that were not properly posted, this item would need to be tabled. Warden Murphy concurred.

Director Tillinghast asked if the personnel component of the plan could be discussed, since that was listed in Executive Session. Attorney Lynch-Gadaleta said that blanket personnel issues could not be discussed under personnel in the Open Meetings Act. We will need to be more specific in Executive Session in order to get this in.

Chairman Doherty asked Warden Murphy when the budget was due to the Trustee. Warden Murphy said that it was due by December 1st. He said that he would be

having on-going meetings to get the budget prepared for the Board's approval before the next meeting.

Chairman Doherty said that, at that meeting, he'd like to discuss the legal fees of the bondholders as it relates to budget.

B. Table of Organization

Item tabled until the next meeting.

C. Report of CFO

1) Current Cash Report

The following is a brief summary of the financial results for Central Falls Detention Facility Corp. for the period ended September 30, 2013.

REVENUE

Total revenue for the month was approximately \$1.8`M, a decrease of \$35k compared to August. ADP for the month was 542 compared to 544 for August.

Revenue for the month was unfavorable to budget by \$265k. The budgeted ADP was 634 for the month compared to the actual of 542.

YTD Revenue is \$17.5M, \$1.3M unfavorable to budget.

OPERATING EXPENSES

Total operating expenses for the month were \$1.4M, \$31k higher than August. Total Operating expenses for the month were 24K unfavorable to the budget.

YTD operating expenses are \$12.9M, \$41k unfavorable to budget.

Salaries and Fringe

Total salaries and fringe were approximately \$1M, \$22k unfavorable to budget attributable to overtime throughout the month.

Inmate Care Expenses

Total inmate care expenses were approximately \$120k, \$18k favorable to budget. The decrease was due to lower food service expenses \$7K, inmate clothing \$3k, pharmacy expense \$1k, religious programs \$1.5k, inmate payroll \$1K, and programs & education \$3K.

Direct & Administrative Expenses

Total direct and administrative expenses were approximately \$165k, \$42k unfavorable to budget. The increase was due to employee screening for \$6K, fire sprinkler repair \$5k, legal expenses \$22k, professional fees \$6k, and safety supplies expense \$2k.

Insurance Expense

Total insurance expenses were approximately \$46k which is \$2k favorable to budget. The decrease was due to medical mal practice insurance renewing at a lower premium.

Building & Utility Expenses

Total building and utility expenses were approximately \$90k, \$19k favorable to budget. This was due to lower than expected gas and water costs for the month.

OPERATING INCOME

Operating income for the month was \$364k, \$289k unfavorable to budget. The decrease is the primary result of the shortfall in revenue related to the lower than anticipated ADP.

YTD operating income is \$4.6M, \$1.3M unfavorable to budget.

NON-OPERATING REVENUE/EXPENSE

Non-Operating Expenses for the month were \$800k, \$75k favorable to budget. The variance is due to the way interest income is being recognized and the change in depreciation.

CHANGE IN NET ASSETS

Change in net assets for the month was a decrease of \$436k compared to a budgeted decrease of \$223k.

2) Overview of accounts update

The following are the cash balances in the trustee accounts as of September 30, 2013:

General Revenue Fund	\$1,038,327
Debt Service Fund	\$ 776,837
Capital Improvement	\$ 4
Debt Service Reserve Fund	\$5,325,083
O & M	\$ 421,659

Director Tillinghast asked what our current shortfall in the Debt Service Fund was. Discussion ensued on the balances in the various accounts. CFO Cuzzupe clarified that the Debt Service Fund is short \$1.79M.

Director Tillinghast asked if it was reasonable to surmise that, if we stay at an ADP of 550 for the fourth quarter, we will have additional cash-burn of \$600K - 750K by year-end. Conversation focused on the Corporation's position at year-end.

Mike Geezil, Consultant, pointed out that, with the model that we're using, we are significantly impacted by the ADP shortfall. Even when the ADP is down, the expenses tend to run true to budget because the expenses remain the same regardless of the population. Without more occupancy, it's tough to turn things around.

Warden Murphy concurred with Mr. Geezil's summation. We are in the business of running a high-security detention facility. He added that we are trying to operate the Facility as fiscally prudent as possible, but he can not make cuts at the expense of the safety and security of staff and detainees. We are working with vendors to make sure we are getting the best deals possible. We are marketing ourselves. We have strong customer service, but with the Sequester, there is not a lot happening in the law-enforcement field.

Motion to accept the financial report was made by Director Tillinghast; seconded by Director Rios. All were in favor. Motion passed.

D. Reports of the Warden and/or Legal Counsel (as necessary); ADP update; Emergency purchases.

- ADP: 526
- September ADP: 542
- Class 34 had orientation yesterday. They will be in class beginning on October 21st. We will begin with 15 recruits.
- On October 4th, we entertained ICE officials. We gave them information and documentation on our Facility. They spent two-and-a half hours with us. They asked lots of good questions during the visit. They've asked for additional follow-up which he will get to them this week. The Warden is optimistic after the visit that the facility and staff presented well.
- He will reach out to Federal Bureau of Prisons again to see if we can be of service to them and to follow-up on the information that we provided to them regarding the re-entry program that we will establish for them.
- There were two minor incidents this month. In one incident, a detainee cut his forearm, but his injury was minor. The second incident involved a detainee climbing into a bunk with another detainee. That incident is under investigation, but he does not believe that there was a PREA violation.

Motion to accept the Warden's report made by Director Tillinghast; seconded by Director Rios. All were in favor. Motion passed

6) Old Business

A. Global Tel*Link Detainee Telephone Contract

Warden Murphy reiterated the change in commission rate, from 58% to 67.4%, with the two-year extension that he sought approval for, will result in increased revenues of about \$82K a year. Chairman Doherty asked at the last meeting whether the rates that detainees pay would increase with this proposed extension. Warden Murphy said that they could, if the federal government makes changes to the fees that the carrier incurs. Before Global Tel could make changes to the rates that they charge detainees, they'd have to negotiate with the Facility. He deferred to Attorney Lynch-Gadaleta to cover anything that he may have missed.

Attorney Lynch-Gadaleta said that the short answer to the Chairman's question was no, the rates will not change with the contract. There is a possibility that if the rates to the carrier change in the future, Global Tel could come back to negotiate with us, but we could still say no. Right now, there will be no increase to the rates that the detainees pay for phone calls despite the increased revenues to the Corporation.

Chairman Doherty said that he was satisfied with this explanation, as his main concern was that the cost to the detainees would not increase.

Motion to approve the two-year extension to the Global Tel contract made by Director Tillinghast; seconded by Director Rios. All were in favor. Motion passed.

B. RFP for Accounting Firm

CFO Cuzzupe said that the RFP was posted on October 2nd. Any questions were due to him by last Friday. He is in the process of responding to those questions. Bids are due by Monday, October 21st. They will be opened and read on Tuesday, October 22nd @ 1:00 p.m.

Director Tillinghast asked how many firms participated in the question session. CFO Cuzzupe said that he'd received questions from two firms, but he knows that three are interested; two from Rhode Island and one from Massachusetts.

- 7) Agenda items for next Board Meeting scheduled for November 20, 2013 @ 5:30pm.

Next meeting was rescheduled to November 13, 2013 @ 5:00 p.m.

Chairman Doherty said that the 2014 Budget and the Table of Organization should be included in the Executive Session, as well as reassessing the model for legal services and follow-ups to the Almonte Report.

Motion to go into Executive session made by Director Rios; seconded by Director Tillinghast. All were in favor. Motion passed.

- 8) Executive Session pursuant to RIGL § 42-46-5 for the following purposes:

- A. RIGL § 42-46-5(a)(2) and RIGL § 42-46-5(a)(4) for the purpose of reviewing issues regarding Cornell litigation; Almonte Report related issues, and insurance coverage.
- B. RIGL § 42-46-5(a)(3) for the purpose of receiving an operational report from the Warden.
- C. RIGL § 42-46-5(a)(1) Personnel

Motion to seal the minutes of Executive Session made by Director Tillinghast at 1:15p.m.; seconded by Director Rios. All were in favor. Motion passed.

- 9) Adjournment

Motion to adjourn made by Director Tillinghast at 1:16p.m.; seconded by Director Rios. All were in favor. Motion passed.